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Nov 1964

# FARM POLICY IN THE YEARS AHEAD

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A Report of the  
National Agricultural  
Advisory Commission

PUBLISHED THROUGH THE FACILITIES OF THE  
UNITED STATES DEPARTMENT OF AGRICULTURE





**United States  
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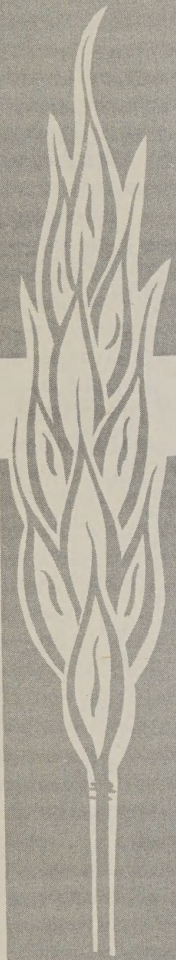
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The National Agricultural Advisory Commission appointed a subcommittee in the spring of 1964 to conduct a farm policy review. This report is the result of that work. The members of the subcommittee are given at the end of this report, as are short biographical sketches of all current members of the Commission.

At the time the subcommittee started working on this report, it requested professional papers from agricultural economists from various land-grant colleges. The titles of the papers and the authors are listed at the end of this report and the papers are published as a separate volume to supplement this report.

Copies of this report and the supplement are available from the Office of Information, U.S. Department of Agriculture, Washington, D.C., 20250.





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A Report of the National  
Agricultural Advisory Commission

Washington, D.C.

November 1964

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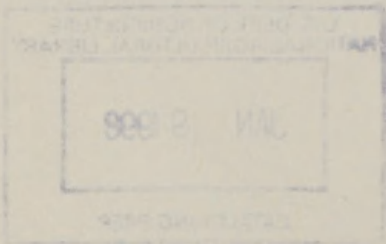
PUBLISHED THROUGH THE FACILITIES OF THE  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## FOREWORD

The report on national agricultural policies prepared by the National Agricultural Advisory Commission comes at a most appropriate time. In the next 12 months, public policy which could set the direction of farm commodity programs for the next decade will be decided by the Congress.

The advice and opinion of all persons concerned with the welfare of the farmer, the consumer, the businessman—of all Americans—will be sought on the questions of food and agricultural policy. The report of the Commission, representing the competent and mature judgment not only of the outstanding citizens who are members of the Commission but also reflecting the thought and deliberation of eight leading economists from land-grant colleges and universities, will be a useful and intelligent starting point.

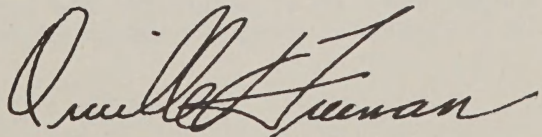
The report represents 6 months of dedicated work by a subcommittee of the Advisory Commission appointed in the spring of this year to conduct a farm policy review. In beginning their task, the subcommittee requested agricultural economists who are specialists in various commodity fields to develop eight situation papers to guide the subcommittee.

The subcommittee report which came from this careful and thorough study has been fully and exhaustively reviewed by the full Commission prior to its submission to the Secretary of Agriculture.

Most of the challenging problem areas which exist today in agriculture have been painstakingly examined in this study. No group in America could provide a more useful and intelligent source of information for those who have the responsibility for determining agricultural policy.

The National Agricultural Advisory Commission is a bipartisan group appointed by the President to advise the Secretary of Agriculture on matters of farm policy and the administration of farm programs. The 25 members of the Commission, including 18 representative farmers, have in this report carried out their responsibilities in a manner in which all Americans can take pride.

I commend this study, and its conclusions and recommendations, to the attention of all Americans as a valuable contribution to the task of developing future agricultural programs.



ORVILLE L. FREEMAN,  
*Secretary of Agriculture.*



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# FARM POLICY IN THE YEARS AHEAD

A Report of the  
National Agricultural Advisory Commission

This report deals mainly with governmental policies directly affecting the incomes of farmers who produce the great bulk of the farm products put on the market. Complex as this topic is, it by no means covers all policy of importance to farm and rural people. Policies concerning the education of rural youth, the provision of jobs outside of agriculture for persons with little opportunity in farming, and the development of nonfarm resources in rural areas are highly significant but are only touched upon here. Policy regarding the processing, distribution, and exchange of farm products after they leave the farm is not considered; it is hoped that a much better basis upon which to evaluate the performance of the food marketing system will be available when the National Commission on Food Marketing has completed its work. The means by which farmers might develop greater bargaining power outside of Government programs has been given less attention than the subject merits. The omission or brief treatment of such policy questions is to be taken as an indication of the limited time available to the Commission members for the study rather than as evidence that little importance was attached to them.

The Commission has benefited in preparing its report from information from several sources. Eight agricultural economists at land-grant universities wrote papers on policy alternatives for particular commodities or on other policy questions. The papers are published as a supplement to this report under the title *Present Position and Policy Alternatives for Leading Agricultural Commodities*. Specialists in the U.S. Department of Agriculture provided much statistical material. The views and suggestions of a number of persons outside of government were received and contributed to the Commission's work. The Commission gratefully acknowledges the assistance of all of these.



## **PART I—ACHIEVEMENTS, PROBLEMS, AND GOALS**

The performance of agriculture is a main source of strength to the progressive American economy. In no other nation do consumers have so varied and nutritious a diet or buy their food for so small a fraction of their income. Output per man-hour has been rising nearly three times as fast in agriculture as in manufacturing. The country's land resources are being used so effectively that with the harvest area of 50 years ago and less than half the labor force, agriculture not only feeds nearly twice as many Americans but supplies an export surplus.

The role of science and technology in this achievement has been outstanding. Much of the discovery of new knowledge and its dissemination to farmers has been done by public agencies—the Federal Government, the land-grant universities, and county extension services in part supported by local government. In this manner, research far beyond the means of individual farmers has been coupled with the production efficiencies of the family farm to create an agriculture that Malthus never dreamed of. Furthermore, this scientific advance, in which the United States stands at the forefront, contains the only promise that one day hunger can be banished throughout the world.

The productivity of American agriculture is further attributable to the ingenuity and efficiency of the industries that supply and equip it. Increasingly, these industries have contributed to the flow of new agricultural technology. Another essential factor has been the rising managerial and technical ability of farmers, which has enabled them to adapt ever more complex production methods to the efficient operation of their own farms.

### **NEED FOR PURPOSEFUL FARM PRICE POLICY**

The role of positive public policy in agriculture has seldom been clearly seen. Public support of agricultural research and education traditionally has been conceived and endorsed as special aid to farmers. Yet the main benefits have gone to the public at large in the form of an abundant supply of food and fiber at relatively low farm prices. On the other hand, public policy to enable farmers to cope with the problems posed for them by rapid technological advance in an industrial environment of concentrated economic power has yet to be widely recognized and accepted. Individual instances of the need for such policy typically have been misinterpreted as emergency situations requiring only temporary measures. Successful farm policy in the broadest sense ideally has two complementary aspects: First, creating a highly productive agriculture, and, second, enabling farm people to adjust to and earn equitable incomes in the kind of farm economy thus generated. The first has been well done. The second remains a foremost national problem.



The present and prospective position of agriculture clearly requires a positive farm policy. The basic reasons are two: (1) The inability of a wholly laissez-faire system to cope with rising farm productivity except by means of chronically depressed prices and incomes, and (2) the disparity between the bargaining power of farmers acting individually and that of the few, large firms with which they often deal when buying or selling commodities.

### **Vulnerability of Farm Income to Technical Change**

The free interplay of supply and demand is an effective way of dealing with excesses or shortages of individual products and with numerous ordinary imbalances in the complex farm economy. But the rapid advance of farm technology puts a far greater burden on a laissez-faire system. The new methods enable labor and land engaged in agriculture to produce much more than formerly. Overproduction is extended over most of agriculture rather than being confined to one or a few commodities. The domestic market for farm products as a whole is growing slowly—only about as rapidly as the population. Expansion of foreign markets is limited by rising production and protection of agriculture abroad. Only in isolated instances can promotion or new uses materially add to the total commercial outlets for farm products. Thus, as free farm markets actually operate, falling prices must become the principal means of bringing production and consumption into balance.

Sharp declines in farm prices are required to bring about a significant increase in total utilization of farm products. In a high-income economy, most consumers are already fairly well fed in terms of both quantity and quality of food. Though they may use more or less of individual foods, consumers do not buy much more in total as retail prices fall. Moreover, farmers receive less than 40 cents of the consumers' food dollar; farm prices must fall about 25 percent to reduce retail food prices 10 percent.

Falling prices are also slow to affect production. They do not halt the development of still more new farming methods or much affect farmers' incentives to adopt them. Each farmer's best alternative, as long as he stays in agriculture, usually is to use his fixed resources of family labor and land to capacity. Faced by low incomes, some farmers able to find jobs elsewhere leave agriculture. Many young men who would enter farming find other occupations instead. But when men leave agriculture, their land stays. Usually it is farmed by those who remain and produces as much as before, or more. Further technological gains offset all or most of the loss of farm manpower. Financial inability to replace equipment and to buy supplies becomes the chief means by which a brake eventually is put on production. But if significant price increases follow, the brake is released.

Thus wholly free markets can deal with rapidly advancing farm technology—but only by deep and chronic depression of prices. The income consequences would not be confined to families not needed in farming but would bear heavily upon all of agriculture for an indefinitely prolonged period.

Several studies have been made in recent years of farm prices and incomes likely to prevail if Government farm programs were largely or

wholly discontinued over a 5-year period.<sup>1</sup> The studies concluded that the net income of farmers from farming would decline from 19 to 40 percent. Collectively, the studies suggested a decline of about one-third in net income. Though individual estimates varied, representative prices projected for the no-program situation were \$0.80 per bushel for corn, \$0.90 per bushel for wheat, \$0.23 per pound for cotton, \$12 per cwt. for hogs, and \$3.70 per cwt. for milk sold at wholesale for fluid and manufacturing uses. Quite possibly some price recovery would occur in later years, and net income per farmer would be less adversely affected because of the decline in the number of farmers. But the world does not stand still and wait for farm adjustment to catch up. New technology continues to come forth, and imbalance in agriculture can persist during all of a farmer's active life.

It would not be sensible national policy to keep in agriculture men and land not needed there but with productive opportunities elsewhere. The technological revolution of recent decades has indeed reduced the number of farmers and the acreage of crops required to produce our food and fiber. But adjustments to this situation should be orderly, and incomes of farmers should be maintained at as high a level as is consistent with continuing adaptation to change. Age or limited skills for nonfarm work make large numbers of farm people unable to find jobs elsewhere, especially at times when industrial unemployment is already high. Effective reallocation of resources does not require still more economic pressure on farmers; it requires education and skills for nonfarm work, attractive job opportunities outside of agriculture, and sufficient time to permit large-scale adjustments, some of which can take place only as one generation succeeds another.

The frequent charge that government programs for agriculture necessarily make agriculture inefficient or deprive it of incentives is readily refuted by the experience of the past 15 years. In no previous period of similar length did agriculture adjust its labor force so rapidly. Output rose 27 percent while the total use of all resources combined remained virtually unchanged. Though some farm programs of the period left much to be desired, the record demonstrates that the nation can hope to have both an increasingly productive agriculture and an American level of living for its farmers.

### **Lack of Farmer Bargaining Power**

Agriculture is the only large sector of the economy in which pure competition among thousands of producers of the same product still prevails. As an individual producer, no farmer has any perceptible influence on total market supply or on price. In this situation and with fixed resources of land and family labor to be utilized, each farmer's best alternative ordinarily is to produce to the practical capacity of his fixed resources and his own managerial ability. Thus total output (rising technology aside) is regulated mainly by adjusting capacity rather than in part by utilizing capacity more or less fully. In the manufacturing and distribution industries, different competitive circumstances commonly induce firms to operate at vary-

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<sup>1</sup> The paper by Donald R. Kaldor, "The Free Market as a Farm Policy Alternative," in the supplement to this report entitled *Present Situation and Policy Alternatives for Leading Agricultural Commodities*, summarizes the studies referred to and considers other important aspects of the free market alternative.



ing proportions of full capacity, thereby giving a stability to markets lacking in agriculture. Steel or automobile manufacturers quite rightly would be horrified by a requirement that they always operate at capacity, yet this is essentially what agriculture is commonly expected to do.

Agriculture's inability to adjust total output except by the cumbersome process of adjusting its production capacity is one reason for its vulnerability to adverse effects of long-run technological change, as just described. In addition, the position of individual farmers as price takers often operates to their disadvantage in the day-to-day business of selling their products and buying their supplies. In the long chain of economic activities involving the manufacture of farm machinery and supplies, the use of them in farm production, the processing of farm products, and final sale to consumers, the only real short-run "give" or resilience in the price system is in the price received by farmers. Reduction of prices elsewhere in the system takes place more slowly than do price increases. Thus in the constant fluctuation of day-to-day markets, farmers' inability to defend their prices leads to more frequent losses than gains.

Farmers' lack of choice about price and sometimes about where and when to buy or sell makes them passive participants in markets. As such, they depend greatly upon effective competition among firms that buy from or sell to them. While competition is in fact often keen, there are numerous instances in ever-changing market situations in which competition is far from fully effective. Bargaining power through group action is necessary if farmers are to participate on equal terms in the kind of competition that now pervades the economy outside of agriculture itself.

Group action by farmers will give them only limited bargaining power in the markets in which they sell unless some ability to control the quantity marketed is developed. Bargaining power arises from the ability to stay out of a transaction unless prices and terms of sale are modified in a desired direction. Farmers who produce without regard for market demand may collectively obtain some bargaining power by diverting products to other outlets or by deferring sales. But these are expedients whose effects usually are dissipated later on unless they are backed up by continuing adjustment, year after year, of output to market demand at acceptable prices.

## **IMPORTANCE OF HIGH EMPLOYMENT, MORE EDUCATION, AND RURAL DEVELOPMENT**

This study deals mainly with farm price policy, but the importance of policy of other kinds must also be emphasized. When fewer workers are needed in agriculture, readily available, well-paying jobs in other occupations are required if adjustments are to take place quickly and with minimum hardship. This is especially true in areas in which many uneconomically small farms are located; agriculture is reasonably well adjusted in several areas, however. Employment policies that maintain a strong labor market, permit access to jobs by all qualified applicants, and encourage retraining and mobility of labor are essential from an agricultural, as well as a national, standpoint. Policies of this kind deserve agriculture's strongest support both for the



broader opportunities they mean for farm-reared people and for the maintenance of a high level of demand for farm products.

Forecasts of the kinds of work that will be available in the United States a decade or more from now dramatically show the shrinking market for unskilled labor in industry. Other estimates show that only about 10 to 15 percent of the boys now on farms can expect to become operators of adequate-size farms in the years ahead. The technical and managerial ability required for operating a successful farm business means that the smaller number of farmers in the future will require good educations. It is clear, therefore, that first-rate educational facilities are needed in farm areas and that children should be educated for nonfarm living as well as for agriculture. The most effective and painless adjustment of the labor force occurs when young people enter those occupations in which their opportunities are greatest. Enabling youth to exercise a wide range of choice is both good social policy and good farm policy. Education is increasingly essential to both.

A prosperous agriculture contributes greatly to the economic vitality of rural businesses and communities. But fewer people will be engaged in agriculture in the future, and many rural communities have resources that can be developed for other purposes. Stimulation of recreation, manufacturing, and other nonfarm activities in rural areas suited to them will encourage balanced national growth and will expedite the adjustment of the farm labor force. Rural area development can make a substantial contribution to the solution of economic problems of farm people and is a valuable end in itself.

## TWO OVERLAPPING PROBLEMS AND APPROACHES

It is well known that the Nation's farms range from tiny subsistence units on the one hand to large, highly commercial units on the other. Table 1 shows the situation as revealed by the census of 1959. In that year, farms with sales of \$10,000 or more comprised 21.5 percent of all farms but accounted for 71.9 percent of all sales. Estimates of the U.S. Department of Agriculture indicate that by 1963 there were nearly 1 million farms in this group; they then comprised 27 percent of all farms and accounted for 78 percent of all cash income from farming. Under the impact of technology and rising managerial ability of farmers, agriculture is growing at this end of the size scale and shrinking rapidly at the other. Daly has estimated that by 1980, farms with sales of \$10,000 or more will make up half of all farms and receive 94 percent of all cash farm income.<sup>2</sup>

This trend reflects mainly the growing size and changing character of the family farm, not a decline in its importance. In 1944, farms that hired less than 1.5 man-years of labor made up 94.5 percent of all farms and accounted for 66.5 percent of all sales. In 1959, the corresponding percentages were 95.7 and 70.1. The family farm with sales in excess of \$10,000 is the most rapidly growing kind of farm.<sup>3</sup>

<sup>2</sup> Daly, R. F., *Agriculture in the Years Ahead*, a talk presented at the Southern Agricultural Workers Conference, Atlanta, Ga., Feb. 3, 1964 (USDA proc. pub.).

<sup>3</sup> The position of the family farm is discussed in detail in *The Family Farm in American Agriculture*, a report of the National Agricultural Advisory Commission, 1963.

**TABLE 1.—Proportions of farms and product sales in different classes of farms, together with average family incomes of operators, 1959**

Sales per farm	Proportion of— <sup>1</sup>		Average family income <sup>2</sup>		
	Number of farms	Sales of products	From farming <sup>3</sup>	Off- farm	Total
	<i>Percent</i>	<i>Percent</i>			
\$40,000 or more.....	2. 8	31. 5	-----	-----	-----
\$20,000—\$39,999.....	5. 7	18. 5	-----	-----	-----
\$10,000—\$19,999.....	13. 0	21. 9	-----	-----	-----
\$10,000 or more.....	21. 5	71. 9	\$7, 982	\$1, 978	\$9, 960
\$5,000—\$9,999.....	17. 6	15. 4	3, 451	1, 567	5, 018
Less than \$5,000:					
Mainly farming <sup>4</sup> .....	26. 1	8. 9	1, 938	1, 517	3, 455
Part-time and part-retirement.....	34. 8	3. 8	579	3, 521	4, 100
All farms.....	100. 0	100. 0	-----	-----	-----

<sup>1</sup> From the 1959 Census of Agriculture.

<sup>2</sup> From *Food and Agriculture, a Program for the 1960's*, USDA, March 1962, p. 50.

<sup>3</sup> Includes nonmoney income from food and housing.

<sup>4</sup> Farms with sales of \$2,500 to \$4,999, plus farms with sales of \$50 to \$2,499 whose operators were less than 65 years old and who either worked off farm fewer than 100 days, or, with other family members, had nonfarm income less than farm sales.

Since families on seriously inadequate units have little prospect of earning good incomes in agriculture, the policies most important to improving their economic situation are the kind discussed in the preceding section—employment, education, and rural development. In contrast, the economic position of operators of adequate farm units is greatly influenced by prices paid and received. The price policies to which most of this report is devoted apply mainly to them. Success along employment, educational, and rural development lines is also important to this group in the long run, however, for farm incomes cannot be high if agriculture is to be a holding ground for men without skills or for whom no other jobs exist.

To meet the needs of all farm people, therefore, it is necessary to use two broad, mutually reinforcing approaches. One looks toward the availability of attractive nonfarm jobs, toward the preparation of rural people to be productive in them, and toward development of the rural economy in all feasible ways. The other looks toward enabling operators of well-managed, adequate-size farms to earn returns on their resources comparable with those outside of agriculture.

## FARM FORESTRY

Forest land on farms constitutes about one-third of the commercial forest area of the conterminous United States. Half of the Nation's farms contain some woodland. The potential contribution of farm woodlands to the future timber supply, water control, wildlife population, and recreation resources of the Nation is great if the farm



forests are well-managed under the multiple use concept. In areas of the country where farm forestry is most important, forest products are a substantial part of farm income and could be a greater one if full advantage were taken of opportunities to develop woodlands. Some submarginal land now in farms probably should be entirely in forest use. The significance of forestry to farm people and rural communities is increased by the fact that forestry has the most to offer in a number of areas where conventional agriculture is at a competitive disadvantage.

Both the timber and recreational aspects of farm forests have long been neglected. This attitude needs to be changed both in the interests of rural communities and the public at large. Forest management, recreational development, and farm operations all must be coordinated. A number of the programs in USDA now are or potentially can be important to the development of a resource that will become increasingly important as time goes on.

## FOREIGN AGRICULTURE AND INTERNATIONAL TRADE

Economic and technical circumstances for food and agriculture abroad have an important effect on American agriculture, most directly through international trade. The technological revolution and the reorganization of agriculture that flows from it are by no means confined to the United States. Many of the nations well started along the path of economic development are achieving rapid gains in agricultural productivity. Between 1950 and 1959, Northwestern Europe increased its agricultural output 27 percent and reduced its use of farm labor 22 percent.<sup>4</sup> (Between the same years, the United States increased its farm output 20 percent and reduced its farm labor force 32 percent.) Such traditional exporters of farm products as Canada, Australia, and New Zealand are searching for wider markets for their productive agriculture. Farm incomes compare unfavorably with nonfarm incomes in most countries. Every important free world nation has programs to support farm incomes in some degree and by some device. Protection of domestic agriculture by import barriers, as in much of Western Europe, is common; so also are various forms of subsidy for farm exports.

This complex situation in the more advanced nations means that "world markets" substantially free of the strong influence of various countries' farm policies do not exist for leading farm products. Price reductions by exporting nations do not necessarily increase exports. Indeed, the variable levy device of the Common Market makes the import duty as large as is necessary to close the gap between Common Market prices and other countries' export prices, however low they may be.

Though the United States should actively seek to expand its foreign markets for farm products, it can scarcely expect that dollar sales abroad will absorb whatever excess production its agriculture will generate at favorable prices. The Nation will need to participate in international understandings—GATT is a beginning—by which trade

<sup>4</sup> F.A.O., United Nations, *Agricultural Commodities—Projections for 1970*, 1962.

in the long-run interests of the various countries can be developed and maintained. Domestic farm policy in the United States must take these into account. Our great stake in export markets for such commodities as cotton, wheat, and soybeans requires us to make reasonable concessions to efficient foreign producers who wish to sell farm products in the United States. At the same time, it would be fatuous for the United States to assume that its farm programs are the exception rather than the rule and that completely free trade is the solution to all trade problems arising out of domestic farm programs.

A different though related set of questions is involved in the Food for Peace type of program. In large and populous areas of the world, diets are seriously inadequate, population is rising rapidly, food production is lagging, and economic development has hardly begun. Especially if the distribution difficulties in the poor countries could be alleviated, vast amounts of food (but not every kind of food) could be transferred to them from surplus-producing countries. Most of this would have to be donated since the poor countries have little if any foreign exchange with which to pay. Perhaps even more important than the question of feeding ever larger numbers of people abroad is the question of how food can be made an effective part of the total economic, social, and educational effort by which these nations can achieve sustained economic growth. Experience with P.L. 480 demonstrates that the contribution of food can be substantial and that such a program on some scale would be desirable even if the United States had no farm surpluses.

An actual or potential way by which many underdeveloped countries might earn foreign exchange and thus more nearly stand on their own feet is the export of particular agricultural products. Farm policies of developed countries may impede or prevent this in numerous ways. One danger is that in protecting their own agriculture and in working out ways to trade with each other, the advanced nations will make no room for agricultural exports by less developed nations.

A fundamental principle for international trade in general is that the chief economic gains arise from the operation of the law of comparative advantage—a nation lifts its level of living by exporting those things it produces relatively efficiently and by importing those it can produce only at comparatively high cost. The American public should be aware that in trying to expand foreign markets for such products as cotton, wheat, soybeans, tobacco, and feed grains, the United States is following this principle. The policy is in the interest of the Nation at large as well as that of producers. If trade with Western Europe were conducted strictly according to the law of comparative advantage, for example, American farm exports to Europe and American imports of European industrial goods would be larger than they are.

### **GOALS FOR FARM POLICY**

The principal goals for farm policy have already been implied. Some goals are being achieved satisfactorily and require little discussion in this report. Some others are far from being fully attained. Certain goals conflict, for it is not possible to achieve them all at the same time, at least not in the near future. Thus, striking a reasonable balance among objectives is necessary if farm policy and expectations for it are to be realistic. The policy recommendations made later



aim to achieve feasible and acceptable objectives in the short run and to work toward more complete attainment of all goals in the long run.

1. *An abundant supply of quality food and other farm products at reasonable prices.*—This is agriculture's first responsibility—to feed the domestic population well and to supply farm products for export, all at as low a cost as is consistent with equitable returns to producers. The task requires productive farm resources: Good land, resourceful and well educated farmers, and ample provision of equipment and supplies. It requires a good economic organization of agriculture in such ways as adequate-size farms and specialization on products to which individual farms are best adapted. It especially requires progress in developing improved methods of using resources to produce farm products; this must be the principal way by which ample supplies for a growing Nation are obtained in the future.

This broad goal has been well achieved. The high and rising productivity of agriculture has virtually assured it. Prices of food at the farm gate are low both in terms of consumers' ability to pay and in terms of the incomes they permit efficient producers to earn. If all Government costs of farm and related programs, including those beneficial to consumers and to underdeveloped nations, were added to consumers' total food bill, the bill would be increased by only 7.1 percent. Consumers total expenditures for all goods and services would be increased by only 1.4 percent. No matter how considered, the food situation for consumers is better in the United States than in any other country. In addition, exports of farm products give important support to our balance of payments and assist many underdeveloped countries around the world.

2. *A level of farm income enabling efficient producers to earn returns on their labor and investment comparable with returns realized on similar resources outside of agriculture.*—If sweeping changes in technology, market demands, and the like could be suspended for a time, farm income would work toward this goal by adjustments occurring in competitive markets. Farm income would be deemed equitable, and resources would be efficiently used. But with technology changing as it has been and with competition less than fully effective, farm incomes in peacetime have been chronically depressed below this level, even when aided by Government programs. The goal is a reasonable statement of what constitutes equitable incomes for farmers, however, and is an acceptable target for farm policy in a dynamic economy.

"Comparable returns" are to be understood to take differences in rural and urban costs of living into account. Computing returns on investment in land presents a difficulty, for in the long run land values themselves are considerably affected by the level of farm income. Thus in computing "comparable returns" for agriculture, land values might be fixed as of a recent date.

Estimates used by R. F. Daly of Economic Research Service, USDA, permit a rough indication of how closely actual operator earnings approached comparable returns in 1962 on farms having sales of \$10,000 or more.<sup>5</sup> It should be noted that \$10,000 was the *minimum*

<sup>5</sup> R. F. Daly (see footnote 2). Interest on operator's investment was approximated in the estimates given here by subtracting interest paid from interest on total investment. Daly used a somewhat different concept of comparable returns in his paper.

value of sales per farm in this group. Perhaps 2 or 3 percent of the farms had sales exceeding \$100,000. Cash receipts from farming averaged \$30,595 per farm; production expenses were \$23,880. Net income from farming, including the value of home produced food and the rental value of the farm dwelling, was \$7,864 per farm. A "comparable returns" net income from farming would have been about \$9,503 per farm—\$5,008 for interest on operator's capital at 5 percent and \$4,495 for family labor at \$2.39 per hour. This is a conservative estimate of "comparable returns" because no separate allowance is made for management. On this basis, however, realized net income from farming was 17 percent lower than comparable-returns net income on this efficient group of farms even though income was being supported by Government programs.

On farms with sales of less than \$10,000, actual net farm income was \$1,889 per farm; a comparable-returns net income would have been \$4,906. The comparable-returns net income on these farms (\$4,906) was much below that on farms with sales of \$10,000 or more (\$9,503) because fewer resources were used. The gap between actual and comparable-returns income on the farms with sales of less than \$10,000 was especially wide because resources could not be utilized efficiently in such small units and because of generally less capable management. Part-time farmers on the smaller farms frequently had substantial off-farm income. Families living on small farms and having little off-farm income commonly faced one of the most difficult poverty problems in the American economy.

3. *Democratic procedures in making and carrying out farm policy, together with maximum freedom for individual farm operators within the limits of farm programs.*—Freedom of farmers to make their own farming decisions is a valued end in itself and frequently leads to more efficient operation of the individual farm business. If farmers are to have the assistance of Government programs or are to gain sufficient bargaining power by group effort outside of Government programs, however, farmers usually will have to abide by rules required for effective group action. In practical terms, therefore, the goal requires that any group program, whether public or private, be subject to the approval of a substantial majority of those involved, and that the program limit individual action only to the extent essential for success of the program.

The degree to which individual action should be circumscribed in the interests of group efforts to achieve commonly desired ends is a matter on which people are especially likely to disagree. Increasingly, farmers are facing situations in which they must act, if they are to survive as family farmers, as members of a group for some purposes and as individuals for other purposes. The great need is for a means of preserving fundamental democratic procedures and individual freedoms in a complex society in which great interdependence among individuals cannot be avoided.

4. *Consistency with other national policy of the United States.*—To the extent possible, farm policy should be consistent with policy in such related areas as foreign affairs, international trade, and general economic stability. Farm policy can make positive contributions in other areas, as the Food for Peace program does in our relations with underdeveloped countries. Farm policy can conflict with other policy,



as happens when import restrictions on a farm product are contrary to a policy of liberalizing trade among nations. Policy in other areas should not necessarily override farm policy, for in a particular situation citizens may have more at stake in the farm area than in any other.

5. *Maintaining the family farm structure of agriculture.*—As indicated in an earlier section, family farms dominate American agriculture today. Most of the efficient producers cited in the second objective are family farmers. This form of organization contains strong incentives for a progressive agriculture and has adapted itself effectively to rapidly changing conditions since colonial days. Though highly efficient as a producing unit, the family farm may be put at a disadvantage by the small scale on which it buys and sells, its lack of large capital resources, or the intrusion into farming of nonagricultural firms not solely—or even mainly—dependent on farming for their income. It should be part of our total farm policy, therefore, to create an environment in which the family farm competes on even terms with other producing units. This may mean, for example, encouragement of cooperatives that give farmers bargaining power in buying and selling, or prevention of the offsetting of losses in farming against profits in other kinds of business.

6. *Maintaining adequate reserves of farm products.*—Reserve stocks of food with which to meet emergencies have become increasingly essential to the domestic and foreign affairs of the United States. The danger of a great war involving the Nation is always present. The national interest is served by having on hand supplies of food with which to aid victims of local disasters in one part of the world, to lessen political unrest in another, or to help free-world countries to preserve their independence. The use of food as aid to the less developed nations requires sufficient stocks to make the assistance available as needed. Within the United States, the increasing specialization of agriculture, especially the growth of poultry and dairy production on farms that produce no feed grains, creates special need for protection against the uncertainties of weather. An important part of the stocks in government hands in recent years has served such purposes and has not in fact been surplus. Future policy should take the need for adequate reserves specifically into account, and the costs of carrying needed reserves should be distinguished from the costs of price support operations.

U. S. DEPARTMENT OF AGRICULTURE  
Washington, D. C.

Correction Sheet to Accompany

FARM POLICY IN THE YEARS AHEAD

A Report of the

National Agricultural Advisory Commission

November 1964

Lines 14 through 17, page 33, should read as follows:

● They can be genuinely supported by the great majority of farmers, provided individuals are willing to make reasonable concessions to the views of others in the interests of unity and an effective farm policy.

(Suggestion: Cut out the above paragraph  
and paste it in your copy.)

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## **PART II—FARM PROGRAM ALTERNATIVES**

This part discusses alternative farm programs with special attention to those considered most suited to situations likely to exist in the next few years. Section A deals with general programs affecting producers of several or all farm products; section B discusses programs for particular commodities.

### **Section A—General Program DOMESTIC CONSUMPTION**

Though the American economy produces the highest level of living for its people of any economy in the world, low incomes still prevent millions of families from obtaining a nutritious and attractive diet. The problems involved in providing all employable persons with the skills needed for productive work, in providing jobs for all, and in matching persons and jobs are so formidable that low income families will form a significant portion of the population for years to come. Meanwhile, excess resources are likely to burden agriculture even though adjustments continue to be made. A policy of expanding the food consumption of low-income families will materially increase welfare at low real cost in such a situation. The policy cannot replace, nor need it impede, efforts to eliminate low incomes and unneeded farm surpluses from the American economy.

The Food Stamp program has proven to be a good general means of providing low-income families with adequate diets. The program should be extended to all areas of the country where it can be efficiently administered. Special efforts should be made to devise methods that make it feasible to extend essentially the same program into rural areas where the number of families may not be large but the need is great.

Direct distribution of surplus foods should be replaced by the Food Stamp program wherever practicable. The direct distribution program is seriously defective from a nutritional standpoint and is too limited to have much impact on total food use. The school lunch and special school milk programs are making important contributions to nutrition and to developing good food habits, and they should be continued.

Domestic food consumption programs can significantly expand the market for farm products, but no practicable combination of them is likely to absorb the major part of the agricultural surpluses that would be produced without controls at current prices. Moreover, the consumption programs do not directly contribute to the elimination of surpluses of wheat, cotton, and tobacco, although they do broaden markets for products to which land in such crops might be shifted. Thus

the problem of too much total farm output and of particular commodities is likely to continue despite consumption programs.

## FOREIGN MARKETS—FOOD FOR PEACE

The transfer of food to the less developed countries by means other than ordinary commercial sale has been one of the most significant innovations of the post-war years. Public Law 480 and related programs represent a new concept of the appropriate relation between rich and poor nations. The continuing great need of many countries for food is, unfortunately, a certainty. The United States and several other advanced nations almost surely will have an abundance—probably a surplus—of food. The list of important donor countries may grow; programs should become common efforts of countries working together.

Although the ability of the United States to provide food badly needed in many poor countries will be a significant economic fact to be taken into account, the controlling consideration should be the long-run contribution food can make to the economic development, political stability, and general welfare of the recipient countries. Extremely difficult judgments must be made as to when food will serve such purposes without undermining the expansion of underdeveloped countries' own agriculture or making large numbers of people dependent on giftlike supplies of food that may not be sustained. If rapid economic development takes place in a recipient country, it may become an important market for dollar exports of farm products, as experience has already demonstrated.

The following modifications of Public Law 480 would make it a more effective and sustainable program:

1. Shipment of foods not in surplus under price support programs should be authorized. Nutritional needs of recipient countries at times require the use of some nonsurplus foods. Effective utilization of products ordinarily in surplus is impaired if shipments must be interrupted when surplus stocks temporarily disappear. The law at present appears to require the deliberate production of surpluses if Public Law 480 is to continue; this puts both Public Law 480 and domestic farm programs in an equivocal position.

2. The continuing accumulation of foreign currency in several countries should be stopped or reversed. No rigid rule as to when foreign currency holdings are to be deemed excessive seems to be practicable. An alternative procedure would be to provide simply that as agreements are made or renewed, long-held currency balances can be released by the United States under arrangements that preclude their use in inflationary ways or to pay for things that should be financed from usual revenue sources.

3. Barter sales are unnecessary for obtaining strategic materials and are inconsistent with the purposes of P.L. 480. It is particularly difficult to prevent bartered farm surpluses from entering commercial trade channels and displacing our own or friendly countries' hard-currency exports. Elimination of barter sales would put P.L. 480 in a much better light as an instrument of constructive foreign policy.



## FOREIGN MARKETS—COMMERCIAL SALES

Domestic farm policies of foreign countries are so varied and complex, and international trade in farm products is so much influenced by them, that American trade policy for farm products cannot be a simple, mechanistic set of rules established only by ourselves. At the same time, the United States, as the leading trader in farm products and a strong advocate of economic development of poor countries, has a special responsibility for taking leadership in bringing about an orderly world trade from which all countries benefit. The basic rule for beneficial trade is to import those commodities that can be produced more cheaply abroad and to export those in which our country has a comparative advantage. The United States has a comparative advantage in, and should have large net exports of, several farm commodities. But if we are to be part of a trading system in which we have broad foreign markets for such products, we must be prepared to import farm commodities for which the situation is reversed.

Two guidelines might be used by the United States in making decisions about commercial foreign trade in farm products in the highly imperfect world that actually exists. The first concerns decisions we make on our own responsibility, outside of formal agreements with other countries. This guideline calls for framing our own trade policy so as to recognize our comparative advantage for particular farm products as we judge it.

By this rule, we would attempt to broaden foreign markets for the commodities in which we have a comparative advantage and would not encourage the expansion of domestic production in order to export commodities where we have a comparative disadvantage.

The second guideline is to develop international understandings that encourage orderly, beneficial trade. This can be done through overall trade agreements, as under GATT, or through arrangements concerning particular commodities—the International Wheat Agreement, for example. In these, the newly developing countries must be given an opportunity to find foreign markets if the countries can produce efficiently.

Maintaining agricultural exports to the Common Market is particularly important. The American proposal that the Common Market permit reasonable access for our exports in the future is consistent with the foregoing guidelines. It is a policy that we should be willing to apply in reverse, as provided in our agreements with Australia, New Zealand, and other countries on beef imports into the United States.

Sale of farm products under ordinary commercial terms to any country should be permitted except when sales would lessen the security of the United States or an ally. The notion that any shipment to a Communist country is necessarily damaging to the United States is refuted by the 1963–64 wheat sale to Russia. It is also contradicted by the tendency of Russian satellites to which we have shipped food to pursue increasingly independent policies less inimical to the United States.

## PROMOTING THE SALE OF FARM PRODUCTS

Many commodity and regional groups of farmers may wish to try to expand the markets for their particular products by promotional

programs of one type or another. Sometimes success can be achieved, sometimes not. Careful appraisal of individual situations is necessary to avoid ineffective promotional expenditures and to identify the good possibilities.

Promotion of particular foods in the domestic market, if successful, will be mainly at the expense of other foods. Domestic consumption of food in total is not likely to be responsive to promotion. Thus, while particular groups of growers may be justified in promoting their own products, promotion of foods by the Federal Government would be questionable policy, except possibly in emergencies, even if not objected to on other grounds. Opportunities to expand the use of farm resources through promotion of fibers, horticultural specialties, etc., are not necessarily subject to the same limitations.

Promotion of sales abroad may be more promising than promotion in the domestic market. Success with a particular product is less likely to be at the expense of other American farm products, and the Nation as a whole can gain from improvement in our foreign exchange position. Thus reasonable and responsible efforts of government to promote American farm products in foreign markets are warranted. The use of P.L. 480 funds for promotion and market development abroad has been effective in several instances. The Government can usefully cooperate with trade groups in foreign market possibility studies and in introducing American products abroad. As rising incomes in the more advanced nations change demands for foods more toward the types and forms used in the United States, American food producers and processors may have new opportunities to open up markets for products in which they have a competitive advantage.

## FACILITATING LAND ADJUSTMENT

As yield-increasing technology has come along and as producers have farmed their land with more managerial and technical skill, it has become clear that not all the land in crops in the early 1950's is needed in the 1960's. This seems likely also to be the case in the 1970's and 1980's, though the more distant the date the less clear the prospects. Labor and capital cannot earn satisfactory returns on the poorest cropland at any prices for farm products that are likely to prevail. Such land remains in crops only because some farm people who lack alternatives accept a very meager living for their farming effort. Eventually such land will go out of cultivation, either by the slow process of abandonment in a free market or more quickly under a Government program.

A payment program for the retirement of submarginal land from crop production changes the alternatives available to farmers. Many of them, especially the elderly, the unwell, or those with off-farm jobs, can improve their own welfare by putting the land into the program. At the same time, excess production capacity is reduced, thus helping to bring agriculture into better balance. But such a program is not likely to be a sufficient means of adjusting agricultural output for several reasons. Since the land is poor, large acreages—perhaps 70 million acres under current conditions—are needed to prevent overproduction on the remaining land. The program is likely to be a slow-moving one because it appeals to only a small fraction of farmers at any one time. The program is not directed at particular crops that

may be especially in surplus. In areas where participation would otherwise be high, limitations on use of the program may be desirable in order to prevent too rapid curtailment of economic activity in the communities serving farm people.

There remains, therefore, a need for a prompter, more effective, and more precise way of preventing overproduction of crops. This will involve land even if sales quotas are used, for any substantial restriction of crop production will mean the nonuse of some land. Feed grains, which accounted for 40 percent of all cropland harvested in 1960, are not adapted to the use of sales quotas and can be handled only by means of land.

Farm policy for the past several years has been working toward a logical and potentially effective combination of land programs. This is a two-phase combination, one directed at the permanent retirement of submarginal cropland, the other at adjusting, on a year-to-year basis, the production of feed grains and perhaps other crops in order to balance production and utilization without forcing severe and chronic depression of farm incomes. The latter type of program carries the principal burden of providing a flexible margin in normal times between agriculture's capacity to produce and actual production. Further discussion of this type of land adjustment is deferred until feed grains are considered.

### **LONG-RANGE LAND RETIREMENT**

Though details might vary, the long-range land retirement program would be designed to be attractive only to owners of unproductive land now in crops. Payments would be offered for retiring land in whole farm units. Production of any cultivated crop, including tame hay, would make a farm eligible for the program. Payment rates would be varied from farm to farm to reflect productivity of the poorer land, and the highest payment offered would not be attractive for land permanently needed in agriculture. In addition to this payment, a payment to defray a major part of establishing a soil conserving cover crops where needed would be made. The program would be expanded over a 5-year period to include 40 million acres of cropland.

Every effort should be made to accommodate long-range land retirement to the personal situations of the farm owners. Some will be elderly and wish to retire, perhaps on social security or pension plans. Some will work off the farm but live on it; others will move to the non-farm work. Some will enter vocational training programs. And some will put the land to new uses such as recreation or growing trees. The alternatives available to farm owners are becoming wider as economic development and welfare programs are initiated. Coordination of the land retirement and other programs as they relate to particular farms and the people on them will increase the effectiveness of all.

In order to adapt the long-range land retirement program to the plans of farm owners, three options as to payment for their participation would be made available: (a) A lump sum in the first year of the contract, (b) equal installments in each of the first 3 years, or (c) equal installments in each of the first 5 years, followed by a small payment, roughly equal to taxes, in each subsequent year. Probably



little land retired under these terms would return to crop production after the contract expired.

The program would be less attractive to farmers than the Conservation Reserve but more effective in achieving permanent land retirement. Participation might not build up so rapidly that economic pressures already on some rural communities would be much intensified. However, the program should also provide that not more than 10 percent of the cropland in any county could be added to the program in any one year and that cumulative additions should not exceed one-third (or another reasonable fraction) of the crops harvested in a county in a base year.

The annual cost of the program would depend on the options selected. In the first 5 years when the program was being built up to 40 million acres, annual costs might average \$550 million. In the second 5 years, if no new land entered the program, the average annual cost might be \$300 million. Thereafter, costs would quickly fall to zero unless the program were continued for the purpose of including new land.

Even during the 5 years of higher cost, reduced farm production probably can be obtained more cheaply with this program than with the feed grain type of program. But the long-range retirement program at this practicable level of operation might reduce feed grain production in the fifth year only by 10 to 15 million tons. The program is neither on a sufficient scale or flexible enough from year to year to be, by itself, an adequate means of adjusting crop production. To increase the scale of the program by a large amount would sharply increase the per-acre cost and might severely depress local communities in areas where the retired land was concentrated.

## Section B—Commodity Programs <sup>6</sup>

This section considers programs for particular commodities on the assumption that general programs of the type discussed in section A will be in operation. The need for commodity programs arises from the widely different economic and technical circumstances surrounding different products, the differing attitudes of producer groups, and special situations developing out of the use of commodity programs in the past.

### FEED GRAINS

From the standpoint of farm programs, feed grains are the most strategic group of commodities in agriculture. They occupied 40 percent of the harvested cropland in 1960 (before the feed grain program began), and their prices directly affect the value of other important crops such as hay and soybeans. In the absence of controls, depressed feed grain prices would quickly spread to other field crops as farmers tried to shift acreage into something more profitable. Much of the excess of total cropland now appears as feed grain acreage because land was diverted to feed grains from wheat and cotton as a result of compulsory controls placed on the latter crops in the 1950's.

<sup>6</sup> Independent discussions by eight agricultural economists at land-grant universities appear in the supplement to this report entitled Present Position and Policy Alternatives for Leading Agricultural Commodities.

Feed grains are basic to the great meat animal, dairy, and poultry industries, which, with feed grains, accounted for 62 percent of farmers' cash receipts from marketings in 1960. Livestock products are by far the main outlet for feed grains. The volume of livestock production to a large degree reflects the volume of feed grains that must be disposed of through livestock. Excessive supplies and low prices of feed grains mean excessive supplies and low prices of livestock products. Much of the reduced net income in the livestock sector in such a situation is passed back to feed grain producers, but livestock producers may also be unfavorably affected. This is discussed further under the heading "Livestock." Aside from the average level of livestock prices, their stability over time depends greatly on stability of feed grain supplies and prices.

The chronic tendency to overproduce feed grains that would exist in the absence of any Government programs is extremely difficult to deal with. The long-range land retirement program described previously would be helpful but not sufficient by itself. Quotas on quantities produced or sold would not be suitable because so much feed grain is fed to livestock on the farm where grown. Compulsory restriction of feed grain acreage apparently is unacceptable to growers, at least as long as low no-program prices are only a prediction rather than an actuality. Policy has been forced to the only available alternative, a voluntary land control program begun in 1961. The task now is to do the best possible job with that approach. How much can be done will depend on funds available for the program, future rates of increase in yields per acre and in utilization of feed grains, and farmers' desire to make the program work.

Future changes in the Feed Grain program might well modify it in the direction of becoming a more comprehensive land retirement measure designed to provide a cushion between agriculture's capacity to produce crops and the amounts currently needed. As such, the program would be a companion of the long-range land adjustment program, which is designed to reduce capacity by facilitating the release of submarginal land and associated resources.

The first step in broadening the Feed Grain program would be to include wheat. Diversion payments for wheat would be alined with those for feed grains, with wheat valued at feed grain prices. A wheat grower's wheat allotment under the 55 million acre national allotment would be his base acreage for the Feed Grain program if he did not participate in the special wheat program (see section headed "Wheat"). Probably little use of this program would be made for wheat as long as the current wheat program was not modified much. Broadening the Feed Grain program would be an important safeguard for both feed grain and wheat growers in case rising wheat yields or changes in the wheat program forced substantial quantities of wheat on the feed grain market. In any event, the opportunity to wheat growers to divert wheat acreage under the Feed Grain program would be useful to some of them.

The Feed Grain program might also be broadened to include soybeans if that became desirable. Growers would be permitted to substitute any program crop for any other so long as the maximum acreage of program crops and total acreage for diversion were complied with. As the program was broadened, its title might well be changed to reflect its more general function.



The size and cost of the Feed Grain program would be reduced if the long-range land retirement program were in effect. While excess stocks accumulated under earlier policies were being liquidated, total payments to farmers would be high. A major part of the associated extra payments can be financed by liquidation of the excess stocks, as by the payments-in-kind procedure.

Costs were estimated under the following assumptions: (a) A 40 million acre long-range land retirement program was also in effect, (b) carryover stocks were to be held stable from one year to the next, (c) little wheat acreage entered the program, (d) the price of corn available to nonparticipants was \$1.10 per bushel, as in 1964, and (e) normal yields for 1964 were known and would increase thereafter only about as fast as utilization rose. Normal yields are hard to define. For calculation purposes, two estimates of the normal yield of corn in 1964 were used: 64 bushels per acre and 67 bushels per acre. The 1964 normal yields for other feed grains were 43 bushels for sorghum grain, 36 bushels for barley, and 44 bushels for oats.

Under these assumptions, the Government cost of holding feed grain production in line with utilization, without increasing or decreasing stocks, was (a) about \$600 million annually if 64 bushels was the normal-weather corn yield in 1964, or (b) about \$850 million if the normal corn yield was 67 bushels. The land required to be signed up for the program was about 18 million acres in the first case and 25 million acres in the second.

The market price assumed in making these estimates is substantially higher than would exist in the absence of any program whatever. Thus a program at this level would benefit both participants and non-participants, as the current program does. The cost of a voluntary program of this type is greatly affected by the market price available to nonparticipants, for the higher the price the larger the payments must be to bring sufficient land into the program to balance production with utilization. In the operation of the program, the payments to participants could take the form of (a) a supplement to the market price, paid on the normal-yield production of land remaining in feed grains, (b) a diversion payment only, or (c) a combination of the two. Ease and effectiveness of administration should be considered in selecting among alternative forms of payment.

While the long-range land retirement program was being built up and current excess stocks were being reduced, the cost of the Feed Grain program would be higher than estimated above, perhaps at the 1964 level of about \$1,250 million. As indicated, most of the extra cost would be recovered from the proceeds of stock liquidation. In addition, the annual costs of carrying the excess stocks would be avoided.

No one can know whether the assumptions stated above will match the facts as they develop in the future. If corn yields have been abnormally high in the early 1960's because of excellent weather, as some authorities contend, the necessary size and cost of the Feed Grain program will be greatly reduced as yields return to normal. If, on the other hand, feed grain yields per acre rise faster than utilization, two choices will be available: (a) Increasing the amount of money put into the program, or (b) reducing price supports and payment rates for feed grains. The first choice obviously would be better from



the standpoint of producers' income, but the second might be required because of cost limitations. One of the great merits of the feed grain kind of program is that it provides flexibility in dealing with an uncertain future. This, of course, is consistent with the view that agriculture needs some means of adjusting its production other than by the cumbersome process of changing its capacity to produce by forcing out resources or attracting them into the industry.

## WHEAT

Wheat is vital to large areas in the Great Plains and Northwest where other crop alternatives are limited and farming is the economic base for most rural communities. Domestic demand for food purposes has been static for many years. The commercial export market, which accounted for 18 percent of total utilization in the 1961-63 crop years, is greatly influenced by the pricing and trade policies of other countries, as well as our own.

At the same time, 38 percent of total utilization during 1961-63 was accounted for under Government programs, mainly P.L. 480. This was more than double the commercial export sales noted above. Various devices maintain wheat prices in several European countries at levels well above the total cost to American millers and far above prices at which wheat moves in world trade.

In the absence of a special wheat program, the highest yielding types of wheat would sell near feed grain values. Durum and northern spring wheat prices usually would be somewhat higher. The average price of all wheat per bushel might be 10 to 15 percent above the price of corn per bushel. With no program for wheat, a feed grain program supporting corn prices at \$1.10 would support wheat prices at \$1.20 to \$1.30. Without any crop programs whatever, wheat prices could fall to \$0.90 per bushel, which would be less than half the average farm price in the 1962 crop year.

The 1965 wheat program supports the average farm price at \$1.25 per bushel (farm storage basis). Growers who do not participate in the program can seed as much as they like and sell at approximately this price (subject to locational, grade, and other differences). Growers who comply with allotments and divert the required acreage receive certificate payments that bring total returns per bushel, with normal yields, to \$1.69. Additional land may be diverted and a diversion payment received. The program offers a choice of (a) unlimited freedom to produce, together with higher than completely free market prices, or (b) higher prices and incomes for those who comply with production controls. The program is financed in part by a domestic milling certificate that keeps the total cost of wheat to millers about where it was in 1962, and in part by a certificate required of exporters. They added export cost resulting from the export certificate may be partially or wholly offset by an export payment if necessary to keep American wheat competitive in world trade.

The principles of the 1965 wheat program appear to come closer than any other to meeting the diverse objectives that different persons have for policy on this commodity. One change that should be considered is to tie the wheat program more closely to the Feed Grain program by extending feed grain diversion payments to wheat. For this purpose, the wheat acreage base of a nonparticipant in the wheat program would

be his wheat allotment when the national allotment was 55 million acres; the wheat acreage base of a wheat program participant would be his allotment under the wheat program. This would replace the provision in the 1965 wheat program for diverting additional acreage beyond the diversion required of all participants. Growers would be permitted to substitute freely between feed grains and wheat in the use of the permitted total acreage of the combined crops, so long as total diversion requirements were satisfied. Under the 1965 wheat program, such substitution of wheat for feed grains would not entitle a wheat grower to additional certificate payments.

## COTTON

Cotton has keen competition from manmade fibers in the domestic market and from both manmade fibers and foreign-grown cotton in the export market. The wide difference between domestic and foreign cotton prices before 1964 encouraged a rising volume of cotton textile imports. Cotton's competitive position was materially strengthened by the new program introduced in 1964, under which prices to domestic mills were reduced to the same level as export prices. Payments to exporters and to the domestic trade support the basic farm price at \$0.30 per pound. In addition, growers who do not plant more than the domestic consumption share of their allotment, and those whose allotments are 15 acres or less, receive a payment supplementary to the market price.

The alternatives to this general type of program are not attractive. Return to a high domestic price would cause further erosion of the domestic market and would bring in even more imports of cotton textiles. The national allotment would have to be cut below the 16 million acre minimum. A completely free market for cotton would sharply reduce prices to growers. Some studies estimate that the market would go to \$0.21 or \$0.22 per pound, a price that would severely squeeze even the most efficient producers and would be unlivable for many producers whose alternatives in or out of agriculture are poor.

The new program is stimulating domestic sales, and prospects for bringing production and utilization into balance are better than they were under the previous program. Stocks on hand are considerably in excess of reserve requirements, however. If domestic sales rise strongly, if export sales stay at the 5 million bale mark or better, and if yields increase slowly or not at all, stocks can be gradually reduced under the program as it is being operated in 1964. If the problem of excess stocks persists, however, one alternative is to adjust the spread between the price received by growers who comply with their domestic allotments and the price received by those who do not, to obtain more participation in the acreage reduction part of the program. The maximum price spread now authorized may be inadequate for the purpose but can be revised.

An important change in the future, one requiring legislation, would be the substitution of bale or quantity quotas for acreage allotments. If quantity quotas were in use, growers would be free to use any production practice they might choose in order to produce their permitted number of bales efficiently. The net income retained from a given gross income would be larger for many farmers under a quantity quota system than under acreage allotments.



Reducing production costs through research offers one of the best long-range possibilities of easing the difficulties facing cotton. If lower production costs were combined with effective management of the quantity marketed, the gains from greater efficiency could be used to improve growers' returns or to reduce Government costs, rather than being passed on to those who buy or consume the product as is so often the case in agriculture.

The present program recognizes the major requirements of the cotton economy—competitive export prices, a domestic mill price that should prevent further loss of markets to synthetics, and price support for growers. The program can be administered so as to deal with either favorable or adverse changes in the production-utilization balance. All in all, continuation of the present program, with administrative modifications to meet changing circumstances, appears to be the best general approach to the cotton problem. Shifting from acreage allotments to quantity quotas might also be considered.

## TOBACCO

For many years, price supports and acreage controls have kept prices of almost all types of tobacco well above prices likely to prevail in a free market. Producers' incomes have been increased by the program even though some of the increase probably has been offset for present growers by higher prices or rents paid for land. Yields per acre for flue-cured, burley, and several other types have risen substantially, but usually production has been held fairly well in balance with utilization by reduction of growers' acreage allotments. High prices and severe acreage restriction have put a premium on production practices that increase yields per acre. While production was being held in approximate balance with utilization in the past, the cost of the tobacco program to the Government was low.

Recently, serious question has arisen whether the tobacco program can be continued without important change. Declining quality has become a major problem for some types. Much but not all of the quality problem appears to be caused by, or at least aggravated by, the tobacco program's incentives for high yields per acre rather than quality. Declining quality and higher prices than in other export countries have contributed to a falling share for the United States in the foreign tobacco market. High yields and less-than-sufficient reduction of acreage allotments have contributed to a recent buildup of surplus stocks, and the proportion of the flue-cured and burley crops recently going under Government loan has been unusually high.

Some of tobacco growers' current problems would be much less troublesome if poundage quotas rather than acreage controls had been the means by which production was controlled. Under poundage quotas, growers would have incentives to produce high quality tobacco in order to receive more dollars for the quantity they were permitted to sell. They would be encouraged to use resources in the most efficient way to produce this quantity, rather than fertilizing heavily and using other intensive (and often quality-reducing) practices in order to get as much tobacco as possible from the allotted acres. More net income would be retained from a given gross income. Suitable administrative provisions could adequately handle the problem of unplanned variation in yields due to weather. High quality would



improve the competitive position of American tobacco in the export market.

Thus, there are strong arguments for going to the poundage quota system of control. The main difficulty in doing this probably would be widespread concern among growers about receiving equitable treatment when acreage allotments were converted to poundage quotas. Undoubtedly, there would be numerous instances of real but unprovable inequities, usually small. Many more would be imagined, and opponents of change and of any program whatever would exaggerate their importance. It seems highly likely that the general advantages of the change would result in net benefits to virtually all growers in the long run. Since supply and quality problems vary by types, and since growers of some types may be readier to change to a poundage system than are others, making the change on a major-type basis might be the most practicable approach. Whether growers can muster sufficient understanding and resolution to support such a change is a major challenge to them. It may be essential to preserving a program the great majority strongly favors.

A poundage quota system would not solve all problems. Premiums and discounts for grades of tobacco under the loan program should reflect market values as closely as possible. The level of price itself is becoming more important in the export market, especially since production in Rhodesia, Nyasaland, and other areas is expanding. Advances in support prices under existing legislation may be unwise at present. Consideration should be given to a program, similar in some ways to the wheat program, under which prices would be supported at one level for export and at a higher level for domestic use; and the two prices together would maintain growers' current income on all quota production.

Research is urgently needed to clarify the question of smoking and health and to identify the sources of health hazards, if they exist, so that they may be removed through plant breeding or in processing. The public and all sectors of the tobacco industry have a vital interest in this.

## PEANUTS

The national peanut acreage allotment has been at the legal minimum of 1,610,000 acres since 1957. Though the average farm price is now slightly higher than in 1957, domestic food use of peanuts has risen somewhat faster than population since that time. Yields per acre have risen more rapidly than food use over the period, however, with the result that the proportion of the crop crushed for oil and meal has irregularly increased. With high yields in 1963, 23 percent of the crop was crushed for oil and meal. Diversion to crushing at a lower price than for food use is a major source of cost under the Government price support program. Prospects for further increases in yields make it likely that the proportion of the crop diverted to crushing will rise further if the national allotment remains at 1,610,000 acres.

One alternative is to continue with the present program. However, if rising costs make this unacceptable and revision of the program is necessary, then a second alternative is to repeal the minimum allotment and to reduce acreage sufficiently to prevent further increases in costs, or to reduce them. A third alternative is a proposal for a self-help program involving only administrative costs to government.

Under the self-help program, growers would agree to an assessment, on a per-ton basis, sufficiently large to cover the cost of diverting surplus peanuts to crushing for oil and meal. Acreage would be reduced so that the surplus was not large—only enough to assure adequate supplies for food use in years of low yields. The level of price support would be raised so as to maintain producers' prices after paying the assessment. The program would be administered by USDA, but an elected committee of growers would advise USDA, and within limits make decisions, concerning price supports, assessments, and acreage allotments. The program would be put fully into effect after a 3- or 4-year transition period, allotments would not be reduced more than 5 percent in any 1 year, and the program would be begun only if approved by two-thirds of growers voting in a referendum. Initially, or perhaps more easily at a later stage, this self-help program might be modified to permit above-quota production, at lower prices, for crushing and export.

For purposes of comparing the self-help proposal with the present program, assume that growers normally now sell 1,900 million pounds (farmers' stock basis) of peanuts at 11.2 cents per pound. Of these, 400 million pounds are diverted to crushing at a cost of \$25 million to the Government. Growers' receipts from sales are \$213 million. On the basis of yields per acre since 1950, a normal surplus of 7 percent, or about 135 million pounds for crushing, would ensure an adequate supply for food use in years of low yields. Thus it is assumed that only 135 million pounds are to be diverted to crushing for oil and meal under the self-help program in an average year.

If the self-help program were operated to return the same net price to growers as before, after payment of the assessment, sales would be reduced to about 1,610 million pounds (this assumes a small loss of sales for food use because of a higher price). The price to growers on all sales would be 11.7 cents, but an assessment of 0.5 cents per pound (\$10 per ton) would be necessary to cover the losses from diverting 135 million pounds to crushing.

If the program were operated to maintain the same gross income from sales after the assessment as in the original case, the price would be raised to 16.1 cents per pound, about 1,410 million pounds would be sold, and the assessment would be 1.0 cent per pound (\$20 per ton). Diversion of land to other crops would mean that growers' net farm income was increased. The estimate of quantity sold is very rough, because the effect of higher prices on consumption is not accurately known.

The foregoing calculations are oversimplified and do not take into account all aspects of the current peanut program. The data do suggest that increasing growers' net income with a self-help program might involve larger price increases and assessments than many would be willing to risk. It is not easy to replace the Government's contribution and at the same time to raise farm income. Maintaining the net price would be feasible, however. The main advantage of going to the self-help program would be much greater assurance that the program would not be drastically altered some day in a general attempt to reduce farm program costs. Growers would have more voice in the peanut program and probably a keener sense of identification with it.

## SUGAR

The type of sugar program in effect in the United States for many years prior to Castro's take-over in Cuba worked well. The world sugar market has been highly unstable since the communization of Cuba. The effects on prices in the United States would have been greater than they were if the sugar program had not been in operation. While the exact way the program should be operated in the immediate future is an enormously complex question that the Commission did not undertake to study, continuation of the principles of the long-standing program appears to be possible and desirable.

## FRUITS AND VEGETABLES

Policy problems and alternatives for most of the commodities in this broad group differ in important ways from those of the widely grown field crops such as corn, cotton, or wheat. Production of many of the fruits and vegetables is concentrated in specific geographic areas. Producers' organizations are often strong and may be important or dominant in the marketing of the product. These circumstances are favorable to the successful operation of marketing orders and agreements, a number of which have been established under Federal and State enabling legislation. Contract production has long been common for several products. The products in fresh form are highly perishable, and long-term storage in processed form as part of a price support effort is hardly feasible. Both production and marketing practices are likely to be highly special to particular commodities.

Collective action by growers, as through cooperatives, has more potential effectiveness in this commodity area than for the major farm products. Support of cooperative marketing and collective bargaining for farmers is one approach to price and income problems in this area. Another is marketing orders and agreements to make group action by producers more effective. A third is Government purchase of products, as with Section 32 funds, when markets are depressed by exceptional circumstances. All of these approaches have been used and should be continued or developed further.

There is widespread opinion that marketing order legislation should be amended to *enable* (not require) producers to obtain more control over prices and quantities produced and sold. One proposal of this kind is to eliminate the provision of the Agricultural Marketing Agreement Act of 1937 that states, "No order issued under this title shall be applicable to any producer in his capacity as a producer," and to permit the use of producer quotas. The need for revision of this general kind in application to milk is discussed under the heading "Dairy." Another proposal is a "single sales desk" approach in which growers in any distinct production area could approve and authorize, by a two-thirds vote, the sale of all the area's production through a single agency designated by an elected board. The chief purpose would be to prevent the scramble for sales on the part of hundreds of sellers from severely depressing prices for a commodity for which moderate price changes have virtually no effect on the total quantity the market will take (potatoes, for example).

An alternative means of putting a floor under prices, without disrupting existing sales channels, could be developed on an area basis for



a commodity like potatoes. Under revised marketing order legislation, an area commodity agency (ACA) representing growers would establish a price floor by standing ready to buy from shippers at stated prices for various grades and locations. Each shipper would be required to report all quantities and grades purchased from growers and others, as well as all quantities sold and the firms to which sold. When a purchase was made from a producer, or when a producer-shipper shipped to a buyer, one-fifth of the value of the product, priced at the ACA floor price, would be paid to ACA and credited by it to the producer's account. The ACA would endeavor to resell any product that came into its possession on a bid basis, but not below the floor price. The ACA would own no storage or handling facilities. Near the end of the shipping season, the ACA would divert to secondary uses or otherwise dispose of products still owned by it. The ACA might acquire no product at all in some years. Final settlement would be made with growers by paying to them all credited amounts less prorated ACA losses. During the first 3 years of operation, the program would be financed by interest-free loans from the Commodity Credit Corporation. After that time, funds would be borrowed from ordinary financial sources, with guarantee of repayment of principal by CCC.

The foregoing device would not guarantee any particular realized net price to producers. If improved prices led to increased production, the benefits would be dissipated; any substantial, continuing price benefits probably would require production control of some kind. The program would require skillful administration, realistic expectations among growers regarding results, and strong support by them. The program could readily be combined with production control, promotion of the area's product, or other group efforts desired by growers. Combining production controls with marketing orders along the lines recommended by various potato grower groups would result in a more effective program.

## DAIRY

The dairy situation has been complicated by the slow rate of growth of consumption of dairy products and by rapid expansion of milk production on farms staying in the business while many others drop out. Total milk production has been in excess of utilization in private channels of trade. In a number of fluid milk markets, production of fluid-eligible milk under Federal market orders has been well in excess of consumption in fluid form. The result has been depressed blend prices for producers and diversion of supplies to an already overburdened market for manufactured dairy products.

In the absence of any production controls, marketing orders, or price supports for milk, lower prices would depress dairymen's incomes for a protracted period. The most adverse situations might develop in some of the fluid milk markets where local production in excess of consumption in fluid form could force the farm price for all milk down nearly to the manufacturing level. Controls in the form of quantity quotas (with excess production permitted but returning only a very low price to the producer) are potentially effective, but it seems highly unlikely that any national program of this type could be made acceptable to producers in all major producing areas.

The amount of dairy products the Government has had to acquire in supporting prices of manufacturing milk has declined from the peak

reached in 1962. Further decline may occur, although this is by no means certain. Prospects for reduced price-support purchases would be increased if excess production in fluid milk markets under marketing orders were to some degree restricted. Continuation of the current price support program appears to be feasible.

The case for tailoring milk production to meet market needs often is clearer to producers in fluid milk markets than to other producers, for local sale of fluid milk products is a tangible measure of how large the attractive part of the market is. Many producers would not choose to expand production further at the lower price for manufacturing milk if they, individually, received only the manufacturing price for the surplus milk. Some producers would cut back production under such circumstances. But when a blend pricing arrangement is used, as is the case under Federal marketing orders, the effect of each individual's overproduction is spread out over so many other producers that each has little incentive to restrain his own production.

A long step forward would be made if blend pricing were eliminated in favor of a pricing plan that returned to each producer only the true value of any extra production, and that penalized him for reduced production only to the extent of the true value of milk he no longer produced. Such a procedure would require allocation of fluid milk quotas to individual producers. The fluid milk price would apply only to quota production and the manufacturing price only to over-quota production (or various modifications could be used to get the desired effect). The result would be higher average prices to fluid milk producers, less vulnerability of fluid milk prices and greater bargaining power for producers' cooperatives as excess supplies diminished, and reduced surpluses in manufacturing milk markets. As a minimum, the use of quotas should be permitted under Federal marketing orders for fluid milk, and such use should be strongly encouraged.

Classified pricing under marketing orders, a method applied in fluid milk markets, might also be applicable to milk for manufacturing. In his paper in the supplement to this report, Juers<sup>7</sup> outlines a plan under which manufacturing milk used in commercial channels would be priced at one level, while milk used for products eligible for sale to the Commodity Credit Corporation as surplus would be priced at a lower level. A pooling arrangement utilizing equalization payments would enable handlers to pay a uniform blend price (with appropriate differentials for fat content, location, etc.) to producers. According to Juers, "A higher price support level might be established without concern over rising Government expenditures as it would be possible to control the level of expenditures by varying the level of the surplus or CCC price." It might be possible to expand this approach to provide, in effect, for different prices for milk used in different manufactured products, according to the market situation for each, but this approach requires research to develop a workable plan. The benefits of improved income by this means might soon be largely dissipated by increased production unless a quota device similar to the one discussed for fluid use were in operation. This general approach to improvement of producers' income without higher Government costs should be explored. Another approach that should be explored is

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<sup>7</sup> Linley E. Juers, "An Appraisal of Dairy Price Policies," in *Present Position and Policy Alternatives for Leading Agricultural Commodities*.



direct purchases by the Commodity Credit Corporation at the market price of these products.

Some estimates made of reserve supplies needed for national emergencies and to permit continuity of shipments under Government export programs indicate that recent stocks of some dairy products have been unduly low. This is true of nonfat dry milk, for which the deficiency may amount to 350 to 400 million pounds, and, to a lesser extent, of cheese. Building up adequate reserves would be a good way to improve dairy income at a time when drought in some areas and inadequate prices have put producers in an especially difficult position.

The steadily widening spread between the farm price of fluid milk and the price paid by consumers is a cause of great concern to producers who often see the handler's margin rise—perhaps to cover labor costs—while the farm price remains the same or even declines. The Department of Agriculture should explore the possibility of regulation, either by administration or legislation, so that under Federal milk marketing orders a substantial portion of any increase in retail prices must go to the producer.

## POULTRY

The poultry industry has seen remarkable technological advance, especially in the production of poultry meat, and has been greatly affected by integration of production with feed manufacturing, chick hatching, and processing. Estimates are that about 98 percent of all broilers are produced under some form of integration. The figure for turkeys is smaller but rising, and egg production is less integrated than either broilers or turkeys.

A high proportion of the costs of producing poultry products are variable, or direct, costs of feed, chicks or poults, and some labor. As production has become more efficient, the producer's margin between variable costs and selling prices has been shrinking. The industry has gone through irregular cycles of overproduction and then recovery. At times, integrators and some other producers have continued to produce when variable costs equaled or exceeded selling prices. It now appears that the most rapid technological gains have been realized and that the most drastic shifts toward integrated operations have been made. As the industry has matured in these respects, the tendency toward recurrent overproduction and accompanying price depression seems to have moderated. Competition remains very keen among producers and different areas of the country, however.

Government purchases of eggs and poultry meat can be and have been useful in stabilizing prices during times of overproduction and depressed prices. At the present time, there is little demand for any other Government program for poultry products. If feed grain prices are fairly stable, the industry may be able to avoid wide swings in its product prices and to stay on an even keel. Abrupt changes in feed grain prices would destabilize poultry product markets by inducing over- and under-production.

If circumstances in the future should require a program to stabilize and improve prices, marketing orders with production control appear to provide the best alternative. Marketing orders limited to diversion of products to secondary uses are not likely to be effective because such



potential outlets are small, especially if used on an intermittent basis. Set-aside provisions may stabilize markets from month to month but are not likely to improve annual average prices. Production control will not have the desired effect of improving producers' incomes if controls are applied only to inputs such as eggs set or chicks placed. Probably the most effective procedure would be to assign quotas both to hatcheries and growers; in this way, ease of control can be combined with benefits to producers.

The possibilities of income improvement through production control vary widely among the poultry products. Apparently, demand for broilers and turkeys at the farm level is such that price changes roughly offset quantity changes. Thus growers' gross income might not vary greatly with changes in volume sold. Net income gains from reduced production probably would come mainly from reduction of expenditures for feed and other variable costs. For eggs, changes in price are much larger than changes in quantity marketed, and the gross value of sales rises as volume falls. Enforcement of production controls would be more difficult for eggs than for poultry because substantial quantities of eggs are marketed directly, or almost directly, from producer to consumer.

## MEAT ANIMALS

Supplies and prices of meat animals (and, in more or less degree, of poultry and dairy products) are closely related to supplies and prices of feedstuffs, of which feed grains are most important. About 80 percent of the total utilization of feed grains is accounted for by livestock. When large supplies of feed grains must be disposed of, livestock production must increase. Low prices for feed grains induce more cattle feeding and greater production of hogs, poultry, eggs, and milk. Their prices then fall. After a lag for adjustment of production, livestock supplies and prices and feed grain supplies and prices necessarily move in much the same directions.

Support of feed grain prices in the past has been very important in holding livestock prices higher than they otherwise would be. A grain producer who feeds most of his grain to livestock may think that he receives little benefit from feed grain supports since he sells hardly any, and that (for example) reasonably good hog prices are somehow being maintained without any government influence whatever. The fact is, of course, that he is receiving the benefit of the Feed Grain program through better hog prices than could exist if feed grain prices were low.

The situation is somewhat different for a producer who buys all the feed he uses, as in many commercial poultry operations. Both feed costs and product prices are supported if feed grain prices are supported. The margin between feed costs and poultry prices in this case may be little affected. Effects on feeder cattle prices are less clear. The demand for cattle for feeding rises when feed grains are cheap, but the enlarged market supply of all meats reduces all meat prices. A greater volume of cattle feeding when grain is cheap may be accomplished by grain feeding a larger proportion of all cattle raised and by feeding animals to heavier weights. Prices of feeder cattle could be depressed in this situation, though conclusive evidence one way or another is lacking.

The conclusion is that success in operating a feed grain program will indirectly support the incomes of many livestock producers and will help to stabilize the poultry industry by stabilizing its major cost item. If feed grain prices are kept near recent levels, meat animal producers are unlikely to come to favor marketing controls and continuing price supports for their products. Government purchases of pork and beef at low points in the hog and cattle cycles will be useful in helping to temper the worst price situations. Purchases can be made more effective by varying the type of meat purchased—as among choice beef, low-grade beef, and veal, with emphasis on the latter—according to circumstances. If feed grain prices are stable, the cycle in hog production, which has been considerably moderated in recent years of fairly steady feed grain prices, may be much less troublesome than it used to be. The cattle cycle too may be moderated by changes taking place in the cattle industry.

Changes in procurement practices of retailers and the increase in cattle feeding in large operations are among the developments that have put a new kind of economic pressure on established producers of meat animals. The imbalance between the bargaining power of farmers and buyers appears to have worsened. Means by which producers can counter this trend have become an important part of the total marketing and pricing problem. It is hoped that alternatives in this area will be clearer when the new National Commission on Food Marketing has completed its study. The appointment of the Commission was a welcome step, especially to livestock producers.

## WOOL

The wool program unquestionably is making a major contribution to wool growers' net income. The direct payments program is superior to the alternative of raising the wool tariff, especially since the textile manufacturing industry is experiencing difficulty from imports of woolen textiles. The one change in the current operation of the program that might be considered is to draw upon all of the funds available for the program from wool import duties to make payments to growers. The wool program has not faced an overproduction problem and is widely supported by growers.

## PART III—RECOMMENDATIONS

In making its recommendations, the National Agricultural Advisory Commission is keenly aware that the current farm income situation is unsatisfactory, that farmers disagree widely on the reasons for this, and that groups within agriculture are deeply split as to what should be done about it. In part I of this report, we have presented an analysis of the major reasons for unfavorable incomes in agriculture. We cannot emphasize too strongly the importance of agriculture's coming to a general understanding of and agreement on the complex farm problem if policy is to be effective and consistent in the future.

It is evident that agriculture will not obtain generally acceptable prices until means are developed by which production and sales can be closely adjusted to market demands at such prices. This can and should come about in a variety of ways. It is now feasible in some cases through cooperative efforts of producers alone, provided they are willing to act collectively and to make investments that may be necessary in the marketing of their products. It is practicable for a wider range of commodities under Government marketing orders authorizing production controls and backed up by strong cooperative efforts. For many widely grown products, national farm programs in which farmers fully participate continue to be necessary. The most appropriate means for individual products will change in the future with changes in the number of producers, their involvement in marketing their own products, and other circumstances affecting the feasibility of particular methods.

While the Commission believes that control of marketings is necessary to achieve income objectives in the usual case, it recognizes that such control cannot always be a solution to income problems. For example, if the market for a particular product at home or abroad shrinks, as sometimes happens, a choice must be made between reducing production or price; and which is better will depend on circumstances. But there remains the great bulk of farm products for which control of marketings, especially if developed simultaneously for different products, can be highly effective.

The climate for this general approach is unfavorable at the present time, however. Many farmers are not convinced of the necessity for purposeful adjustment of quantities sold to market demands at desired prices. Others do not clearly perceive what it takes to make the approach work. Still others do not agree that it should be done even if effective. Policy proposals relevant to the actual situation must take this diversity of views into account and must recognize the limitations it imposes upon potential accomplishments. The Commission's proposals attempt to do this. Usually the programs that seem most feasible in the years just ahead are modifications of present programs, which have evolved from years of searching for and trying new approaches. The Commission is convinced that while its pro-



posals are not ideal from its own or other individual viewpoints, the programs it recommends have these important advantages:

- They will make an indispensable contribution to farmers' incomes and well-being.

- They will not involve restrictions unacceptable to the majority of farmers in any part of agriculture and will permit complete freedom where it is most desired.

- They will permit continuing adaptation of agriculture to changing technology and markets.

- They can be modified in the future as circumstances require.

- They will result in a fair total cost of food and natural fibers (farm-gate prices and Government costs both considered) to the American public.

to the views of others in the interests of unity and an effective farmers, provided individuals are willing to make reasonable concessions to the views of others in the interests of unity and an effective farm policy.

The following recommendations summarize the conclusions reached in the foregoing parts of this report, where proposed programs are discussed in more detail.

1. A major effort must continue to be made to achieve equitable incomes in agriculture. The goal should be to make earnings received by efficient farmers for their labor, management, and investment comparable with earnings on similar resources outside of agriculture. There is little indication that advancing technology and the unfavorable bargaining position of farmers will not continue to bear heavily upon agricultural income in the years ahead. Economic studies have convincingly shown the depressed incomes likely to exist for farmers if all price and income programs were abandoned. The effects would quickly be transmitted to rural communities and to industries that supply and equip agriculture. Such economic hardship is not essential to obtaining fundamental adjustments required of agriculture in a dynamic world; indeed, changes in the labor force, resource productivity, size of farm, and other basic features of agriculture have been going on at an unprecedented rate even though farm income has been supported. The first decision to be made, therefore, is to continue the general policy of support of income in agriculture as long as present circumstances persist.

2. Despite rapid changes in the past 25 years, there remain in agriculture many small farms with far too few resources to permit the families on them to earn decent incomes from farming in any probable price situation. We support the growing efforts to deal with this and related rural problems through development of adequate credit, education of rural youth for nonfarm occupations, retraining of adults, development of rural resources for uses other than agriculture, and provision of minimum social services for poverty-stricken rural families. While this broad problem was not the focus of our study, we urge that its importance be widely recognized and that potentially effective measures to alleviate it be strongly supported by farmers who can compete successfully in agriculture. We urge this not because success could reasonably be expected to solve farming's overproduction difficulties but because the number of people is large, rural communities have much to gain, and the principle of equal opportunity for all requires it.

3. We propose three general kinds of programs to deal with the price and income problems of efficient farmers. The first kind seeks to broaden markets for farm products in useful ways at home and abroad. The second kind aims at both permanent and temporary retirement of cropland as a means of preventing the expansion of production at an excessive rate. The third consists of commodity programs to fit the wide variety of special circumstances and possibilities existing in agriculture. A combination of general and commodity programs seems best suited to the many demands on farm policy at the present time.

4. In order to enlarge the domestic market for food and to improve the diets of low income families, we recommend the expansion of the Food Stamp program to all areas where it can be administered efficiently. As this is done, the direct distribution of surplus foods to individuals in those areas should be discontinued. The School Lunch program and the Special Milk program for school children serve a useful purpose of another type and should continue along present lines.

5. The Food for Peace program has established itself as a constructive instrument of American foreign policy. To establish the program more clearly as a means of foreign aid and to improve it as such, we recommend (a) that the shipment of foods not in surplus be authorized, (b) that means be found of preventing the accumulation of foreign currencies where excessive, and (c) that the barter phase of the program be discontinued.

6. We urge continued efforts to expand commercial exports of farm products through trade negotiations and by market development under both public and private auspices. On occasion in the past, both dollar and foreign currency exports of farm products to certain Communist nations have proved to be in the best interests of the United States. We believe that our own best interests, rather than sweeping prohibitions against trade, should be our guide in these matters in the future.

7. A major place in the total effort to prevent overproduction in agriculture should be given to a diversified voluntary land retirement program. We propose a two-phase undertaking, one phase aimed at permanent retirement of clearly submarginal cropland in whole-farm units, the other phase aimed at short-term retirement of cropland of all levels of productivity on farms that will remain in agriculture.

The first phase provides for contracts of 10-12 years duration under terms that make the subsequent return of the land to crop production unlikely. The timing of payments would be adjusted to suit the needs of farm owners who are planning recreation developments, are entering training programs for other occupations, are about to retire on the farm, or have other personal plans. The amount of land that can enter the program in any county is to be limited. The program should be built up over a 5-year period to include about 40 million acres of land formerly in crops, at which level the program would be relatively inexpensive and confined almost exclusively to land that should be permanently retired from crop production.

The second phase provides a means of making prompt and effective adjustments, spread widely over agriculture, to keep crop production in line with market demand at intended prices. The proposal is built on the current Feed Grain program partly because that program is now in operation and partly because much of the excess crop acreage is already in feed grains as a result of diversion from cotton and wheat in the past. Initially the Feed Grain program would be somewhat



broadened by extending it to wheat growers who were not participating in the special wheat program or who wished to divert more than the minimum acreage under that program. The proposed program could include soybeans later on if that became desirable. Participating farmers could substitute freely among program crops on acreage not diverted. With the long-range phase of land retirement fully in operation, the diversion of acreage under the second phase would be substantially less than has been diverted recently under the Feed Grain program.

8. We recommend continuation of the principles of the wheat program as announced for the 1965 crop. The one exception is to divert wheat acres, other than the minimum diversion required of participating growers, under the provisions of the second (feed grain) part of the land retirement program, as proposed above. The 1965 wheat program is indeed voluntary and returns even to non-participating growers higher prices than would exist with no crop programs in operation.

9. The type of cotton program used for the first time in 1964 should be continued. If the large stocks on hand at the beginning of the 1964 season are not reduced, the spread between the price received by growers who comply with their domestic allotments and the price received by those who do not should be adjusted to obtain more participation in the acreage reduction part of the program. While we do not propose the substitution of bale or poundage quotas to replace acreage controls at present, we believe that this change in the program deserves serious consideration in the future.

10. To meet the serious quality problem now existing for some leading types of tobacco and to hold production of the crop more firmly in line with utilization, we recommend the use of poundage quotas rather than acreage controls. While this appears desirable for all types under the Government program, the need is more pressing for some types than for others. Accordingly, the change in method of control should be made possible on a type-by-type basis. Attention should also be paid to the role of price in our failure to participate in the growing foreign market for tobacco. Further price increases under existing legislation are of dubious value. A self-financing two-price plan is a possible means of dealing with this situation.

11. We believe that conditions may permit an increase in consumption of peanuts and that the present program might be continued. However, in the event the cost of the present program is not gradually reduced, consideration should be given to converting the present program to a self-help or self-financing one. Under such a program, growers would assess themselves to pay the costs of diversion of surplus peanuts to crushing for oil and meal and to export, and the national acreage allotment would be set from year to year at any level necessary to keep the average surplus small. Provision should be made in such a program for excess production for possible edible use in years of low yields or high consumption.

12. With regard to fruits and vegetables, we recommend continuation of marketing orders and agreements, surplus-removal purchases of particular products when markets are temporarily depressed, and growers' participation and bargaining power in the marketing of their own products. The marketing order program would be potentially



more effective if control of amounts produced and marketed by producers were authorized. We suggest in part II a pricing device that would tend to put a bottom under the price of a commodity like potatoes and, if supplemented with deterrents to excess production, could improve prices ordinarily received by growers.

13. We strongly favor higher incomes for dairymen but recognize difficulties in getting acceptance of stronger programs than those currently in operation. As a minimum, we recommend continuation of price support for manufacturing milk at the current level. Prospects now seem to be good that the amount of milk USDA must acquire for price support purposes will not be unmanageably high and may decline in the future. Both to prevent deterioration of prices in fluid milk markets and to reduce excess supplies of manufacturing milk, we recommend that the use of class I quotas (or a similar device) be permitted in fluid milk markets under Federal marketing orders. We would further urge that producers adopt them once authorized. We further recommend that careful consideration be given to classified pricing of milk for manufacturing, together with the use of producer bases, to improve dairymen's income without increasing Government cost.

14. We propose no continuing price support or production control programs for meat animals. Support of feed grain prices has indirectly supported prices of cattle and hogs, with the result that incomes of farmers who market grain and hay through livestock have been substantially assisted. Stabilization of feed grain prices for the past 5 years appears to have moderated the cyclical ups and downs that used to afflict hog production and prices. The cattle cycle has not disappeared and recently has been in a stage unfavorable to producers. We endorse the existing policy of assisting in the recovery of meat animal prices by purchases of beef, veal, and pork when markets are especially oversupplied. The policy should be continued, with special attention given to purchasing the type of meat—for example, low-grade or choice beef or veal—that will do the most to alleviate the price difficulties of the time.

15. We propose for poultry products, as for meat animals, only that the Government carry out purchase programs when markets are critically oversupplied and prices unusually low. Stability of feed grain prices has been helpful to the poultry industry, which operates on narrow margins and would be alternately severely depressed and unusually profitable if its major cost item went through wide price swings. While integration in the poultry industry has caused many problems for established producers, there appears to be little demand under present circumstances for a change in current price policy.

16. Continuation of the program in effect for wool since 1955 is recommended. All the funds available for the program from import duties on wool should be used for payments to growers.

17. Efforts to improve incomes and resource use in agriculture should not overlook the large forest acreage on the Nation's farms. The basic elements of a strong farm forestry policy should be the time-tested cooperative forestry programs now underway. These include protection of forests from wild fires, insect infestation, and disease; tree planting programs; timber stand improvement; preserving fish and wildlife habitat; watershed protection; recreational development; and market research to expand old and to develop new uses of

farm woodlot timber, especially that of low quality. In light of the long time required to produce timber, we recommend prompt, selective expansion of the total forestry program. Particular attention should be given to coordinating forestry programs with rural development, soil conservation, watershed, and other programs of the U.S. Department of Agriculture.

18. Both the opportunities for and the necessity of cooperative action by farmers to assert themselves in the markets in which they deal will increase in the future. A greater proportion of the responsibility for maintaining fair and stable incomes in agriculture can be shifted, selectively and gradually, from strictly Government programs to producers' own efforts as the change occurs. It should be part of our national farm policy to expedite sound developments of this kind in every reasonable way. A new and growing role for farmers' cooperatives, together with more participation by producers in marketing their own products, will necessarily be an important part of the total change. It will also be essential to preserve a competitive environment in the processing and distribution industries such that producers have a fair chance to compete on even terms. We commend the Congress for the establishment of the National Commission on Food Marketing and anticipate that its work will clarify the existing situation in the total food industry and will point toward policies needed in the future.

19. The availability of large stocks of several farm products acquired under farm programs of the past has delayed proper attention to the question of reserve supplies needed for national security, assistance to allies abroad, and stability in the domestic economy. There is urgent need for a determination of the reserve stocks that should be on hand and for policy decisions regarding their management. We emphasize in this connection that stocks of some dairy products recently have been below desirable national reserve levels and should be increased. While the task of handling reserve stocks can best be done by the U.S. Department of Agriculture, the costs allocable to them should be separated from the costs of price and income programs. This subject has been under study by the Commission, and a separate report on it will be made to the Secretary of Agriculture. Here we wish to call attention to the question and to urge that the need for reserve stocks and the costs of providing them be explicitly recognized.

20. The Commission believes that continued considerations and decisions concerning farm policy alternatives in the years ahead require a strongly supported research program bearing on the various facets of farm policy. The Commission strongly urges support of expanded research by the U.S. Department of Agriculture and by the State Agricultural Experiment Stations related to broad farm policy and related matters.

## APPENDIX

### Subcommittee Members

The Subcommittee on Farm Policy Review was chaired by George E. Brandow, Department of Agricultural Economics and Rural Sociology, The Pennsylvania State University, University Park, Pa., and its members were: D. W. Brooks, Atlanta, Ga.; Howard W. Mullins, Shabbona, Ill.; A. Lars Nelson, Seattle, Wash.; and Douglas Simpson, Kamas, Utah.

### Professional Papers

Professional papers were provided at the request of the subcommittee, as indicated below and are published separately as a supplement to this report.

Author	Title	Land-grant college
Donald R. Kaldor-----	The Free Market as a Farm Policy Alternative.	Iowa State University, Ames, Iowa.
James Kendrick and Howard W. Ottoson.	Feed Grains—A Situation Paper.	University of Nebraska, Lincoln, Nebr.
L. D. Loftsgard and Norbert A. Dorow.	Market Situations and Policy Alternatives for Wheat.	North Dakota State University, Fargo, N. Dak.
Leo V. Blakley and James S. Plaxico.	Cotton: Industry Trends Structure and Policy Alternatives.	Oklahoma State University, Stillwater, Okla.
W. D. Toussaint-----	Tobacco-----	University of North Carolina, Raleigh, N.C.
Linley E. Juers-----	An Appraisal of Dairy Price Policies.	Michigan State University, East Lansing, Mich.
V. J. Rhodes and Charles L. Cramer.	Meat Animals-----	University of Missouri, Columbia, Mo.
A. P. Stemberger-----	Some Alternative Government Programs for Poultry.	Pennsylvania State University, University Park, Pa.

The membership of the National Agricultural Advisory Committee follows.

### Biographical Sketches of Commission Members

*George E. Brandow, University Park, Pa. (1965).*—Dr. Brandow, 1962–63 president of the American Farm Economic Association, is professor of agricultural economics at The Pennsylvania State Uni-



versity, and is a member of USDA's Economic Research Advisory Committee.

He has taught at Penn State since 1940 except for special assignments and wartime service, including technical advisor to the Turkish Ministry of Agriculture, and staff economist with the Joint Economic Committee of Congress.

Dr. Brannon was born in 1913 in Roxbury, N.Y. He received B.S. and Ph. D. degrees from Cornell University and taught at Cornell from 1939-40.

*Charles F. Brannan, Denver, Colo. (1964).*—Mr. Brannan, who was Secretary of Agriculture from 1948 to 1953, practices law in Denver, Colo., and serves as general counsel for the National Farmers Union.

He rose to the post of Secretary through 14 years of service as an official of the Farm Security Administration and as an Assistant Secretary of Agriculture.

Mr. Brannan was born in 1903 in Denver. He holds a law degree from the University of Denver and an honorary D. Sc. degree from Colorado A. and M. College.

*Dolph Briscoe, Jr., Uvalde, Tex. (1966).*—Mr. Briscoe, a rancher and banker, has operated the Rio Frio Ranch in Uvalde since 1939, and has served as chairman of the board of the First National Bank of Uvalde since 1961. He is also a director of the Alamo National Bank of San Antonio.

He was a member of the Texas Legislature (1948-56). He has been honored by the Fort Worth Press and the Texas Chamber of Commerce.

Born in Uvalde, Mr. Briscoe holds a B.B.A. degree from the University of Texas. He was a first lieutenant in World War II.

*David William Brooks, Atlanta, Ga (1964).*—"D.W." Brooks organized the Cotton Producers Association in 1933 and has served as general manager ever since. This association, with a membership of more than 150,000 farmers, does approximately \$150 million worth of business a year.

Mr. Brooks also is chairman of the board of the Cotton States Insurance Companies, and he operates about 700 acres of Georgia farmland. Progressive Farmer magazine named him "Man of the Year in Agriculture" for 1950.

A native of Royston, Ga., Mr. Brooks holds B.S. and M.S. degrees from the University of Georgia, and taught agronomy there from 1922-25. He is a member of the Georgia Farm Bureau Federation.

*Harold E. Bryant, Presque Isle, Maine (1966).*—Mr. Bryant has spent his entire business career in top managerial positions with both cooperative and commercial fruit and vegetable marketing agencies. For 15 years he was general manager of Maine Potato Growers, Inc., with headquarters in Presque Isle, Maine. Later he was executive vice president and general manager of Eatmor Cranberries, Inc., at New Bedford, Mass.

During the past 7 years he has served as vice president of Blue Goose Growers, Inc. Recently, Mr. Bryant returned to Presque Isle as executive vice president of the Maine Potato Council and consultant to the Maine Potato Commission.

He obtained a B.S. degree in Agricultural Economics from the University of Maine in 1932.

*Chairman, Harry B. Caldwell, Greensboro, N.C. (1964).*—Mr. Caldwell owns and operates a farm of 120 acres devoted to tobacco, corn, wheat, barley, and cattle. He is executive vice president of the Farmer's Cooperative Council of North Carolina, has served as master of the North Carolina State Grange, is a former director of the National Council of Farmer Cooperatives, and is currently a member of the Agriculture Committee of the National Planning Association. He has served on numerous national and State study and advisory groups and has attended several Food and Agricultural Organization conferences. The Progressive Farmer chose him "Man of the Year" in 1939.

Mr. Caldwell was born in Woodfield, Ohio, in 1908. As a young man he became director of organization and education for the North Carolina State Grange. He is now on the executive committee of the National Grange.

*Daniel J. Carey, Syracuse, N.Y. (1965).*—Mr. Carey is manager of the Mutual Federation of Independent Cooperatives, Inc., a dairy organization, at Syracuse. In addition he operates with his son a 580-acre farm at Groton, N.Y.

He was assistant to Secretary of Agriculture Charles F. Brannan (1948-53) and was New York State Commissioner of Agriculture and Markets (1955-59).

Mr. Carey has been associated with the New York Metropolitan Milk Producers and the Eastern Milk Producers Cooperative. He was born in Little Falls, N.Y., in 1897, and is a graduate of Cornell University's College of Agriculture.

*Doyle E. Carlton, Tampa, Fla. (1964).*—Mr. Carlton is a lawyer whose agricultural interests include approximately 500 acres of citrus groves and cattle ranching on about 30,000 acres. He was a member of the President's Committee on Civil Rights and is a former Governor of Florida (1929-1933). He has been president of the Tampa Pan American Commission for the past 12 years.

Mr. Carlton was born in Wauchula, Fla., in 1887. He was educated at Stetson University of which he is now president of the board of trustees, the University of Chicago, and Columbia University.

*Cornelius D. Dosker, Sr., Louisville, Ky. (1964).*—Mr. Dosker is past president and board chairman of Gamble Brothers, Inc., Louisville, Ky., manufacturers of dimension lumber and industrial wood parts. He retired from active business in 1963.

He is also a past director of the Timber Engineering Co., and is a member of the board of directors of the National Lumber Manufacturers Association, and the American Society for Testing Materials.

Mr. Dosker has received citations from a number of organizations. He was born in 1897 in Holland, Mich., attended Hope College and the University of Michigan, and served in World War I.

*Fred V. Heinkel, Columbia, Mo. (1966).*—Mr. Heinkel has been president of the Missouri Farmer's Association since 1940. MFA engages in marketing, processing, and distributing agricultural products for farmers. He owns and operates a 235-acre farm devoted primarily to livestock, grain, and hay production.

Mr. Heinkel has served on a number of important committees and commissions, including the Missouri Basin Commission to which he was appointed by President Truman in 1952.

He is a native of Jefferson County, Mo. He has received the Alumni Consulate Award of the University of Missouri.

*Elmer Rudolph Kiehl, Columbia, Mo. (1965).*—Dr. Kiehl, an agricultural economist, has been dean and director of the University of Missouri's College of Agriculture since 1960.

After Army services in World War II as a major, he joined the University of Missouri in 1946 as an assistant county agent in Carroll County and advanced to chairman of the department of agricultural economics by 1957.

A native of Malta Bend, Mo., Dr. Kiehl has B.S. and M.A. degrees from the University of Missouri, and a Ph. D. from Harvard University.

*Glenn Lake, North Branch, Mich. (1964).*—Current president of the National Milk Producers Federation, Mr. Lake has served as president of the Michigan Milk Producers Association since 1955.

Vice president of the Michigan Agricultural Conference and a trustee of the Michigan 4-H Club Foundation, he has received Michigan State University's distinguished service to agriculture award and a Grange citation for outstanding service to 4-H.

A native of North Branch, Mich., Mr. Lake studied at Michigan State University. He is a director of the First National Bank of Lapeer, Mich., and of the Pioneer Bank in North Branch.

*Fred J. Ludwig, Laurens, Iowa (1965).*—Mr. Ludwig farms 373 acres near Laurens with his son, each year buying and feeding out about 500 cattle and farrowing and raising about 700 hogs.

He is a board director of the Farmers-Grain Dealers Cooperative Elevator and Farmers Elevator Mutual Insurance Co. at Des Moines, a member of the Iowa Farmers Union, the Methodist Church Board, and is a member and past-master of the Masonic Lodge.

Mr. Ludwig was born in 1907 in Lawton, Iowa. He holds a B.S. degree in agronomy from Iowa State University.

*Edward E. Mauldin, Leighton, Ala. (1965).*—Mr. Ludwig farms 373 farmer and cattleman, president of the Bank of Leighton, and a director of Bankers Fidelity Life Insurance Co. He is also a partner in Preuit & Mauldin, which engages in cotton ginning and farm supply business, and is a consultant to the Alabama Legislative Cotton Study Committee.

Mr. Mauldin was born in Sylacauga, Ala., in 1926 and attended Newberry College, the University of South Carolina, and Auburn University. In 1959, he received from U.S. Junior Chamber of Commerce the "Outstanding Young Farmer Award for Alabama."

*W. Gordon McCabe, Jr., Greenville, S.C. (1966).*—Mr. McCabe operates a farm in North Carolina and is a vice president and director of J. P. Stevens & Co., which manufactures textile products. He is also a board member of the National Cotton Council, the New York Cotton Exchange, the Wool Associates of the New York Cotton Exchange, the South Carolina National Bank, and the Piedmont and Northern Railway Co., and is a trustee of Clemson Agricultural and Mechanical College, Clemson, S.C.

Mr. McCabe was born in Petersburg, Va., in 1911 and was graduated from the University of Virginia.

*Howard W. Mullins, Shabbona, Ill. (1964).*—Mr. Mullins, president of the De Kalb County Farm Bureau, is engaged in farming on



500 acres in partnership with his son. He organized the U.S. Farm Policy Council, has served as its president, and is now chairman.

Born in 1914 at Lee, Ill., Mr. Mullins attended school there and at the University of Wisconsin. He has worked extensively with young people, coaching and managing athletic events.

*A. Lars Nelson, Seattle, Wash. (1965).*—Mr. Nelson farms with his son 1,635 acres where he produces wheat, barley, oats, alfalfa, and grass, and raises cattle and hogs. He is a member of the St. John Grain Growers (Co-op), president of the Grange Cooperative Printing Co., and president of the St. John Federal Land Bank Association since 1941. He has been master of the Washington State Grange since 1953 and overseer of the National Grange since 1961.

Mr. Nelson was born in 1909 at Thornton, Wash. After receiving an A.B. from Willamette University, he did graduate work at Syracuse University and Washington State University.

*William V. Rawlings, Capron, Va. (1965).*—Mr. Rawlings produces peanuts, grain, and livestock, and is executive secretary of the Association of Virginia Peanut and Hog Growers, Inc. He is a director of the National Peanut Council, the Tidewater Bank and Trust Co., and is a member of the Senate of Virginia, the Grange, the Farmers Union, and the Farm Bureau. Prior to distinguished military service in World War II (Legion of Merit, Bronze Star, and French Croix de Guerre), he practiced law in Franklin, Va.

Mr. Rawlings is a graduate in civil engineering from Virginia Military Institute and a law graduate of the University of Virginia.

*Charles R. Sayre, Jr., Greenwood, Miss. (1966).*—Mr. Sayre is president and general manager of the Staple Cotton Cooperative Association. He is also an officer or director of several business firms and has served on a number of important commissions. He owns and supervises crop production on 395 acres in Illinois and Mississippi.

He belongs to the Mississippi Economic Council, American Farm Bureau, and a number of agricultural organizations.

Mr. Sayre was born in 1914 at Chrisman, Ill., and was graduated from the University of Illinois. He holds graduate degrees in economics from Harvard University and received the award of the American Farm Economic Association, in doctorate thesis competition in 1950.

*Douglas T. Simpson, Kamas, Utah (1964).*—Mr. Simpson operates, with his son, a quarter horse and cattle ranch of 1,730 acres and also owns a motion picture theater in Kamas.

He is president of the Utah Farmers Union, is a former member of the board of directors and legislative director of the Utah Farmers Union, and member of the board of directors and the Executive Committee of the National Farmers Union. He helped organize and was first chairman of the Western States Water and Power Conference. In 1960–61 he visited India on a farmer-to-farmer exchange program.

*Charles W. Stickney, Clear Lake, Minn. (1966).*—Mr. Stickney operates a 500-acre grain and livestock farm which was originally settled by his grandparents in 1848. He is also president of the Tri-County Farmers Union Cooperative Elevator.

He has been active in numerous cooperative agricultural enterprises and from 1933 through World War II was associated with USDA programs in various posts.

Mr. Stickney is a member of the Farmers Union, the Grange, and many sportsman and wildlife clubs.

He was born in Clear Lake in 1896 and is a graduate of the University of Minnesota. He served overseas in the Regular Army during World War I and was awarded the Silver Star.

*Stanley Foster Trueblood, Porterville, Calif. (1966).*—Mr. Trueblood has been manager of the Tulare County Fruit Exchange in Porterville since 1947. He is an alternate director of Sunkist Growers, Inc. Prior to 1947 he served with a number of fruit exchange organizations. He is a member of the board of directors for the State Agricultural District.

He was born in Poughkeepsie, N.Y., and attended Whittier College in Whittier, Calif. He served on a Navy carrier in World War II.

*Claude R. Wickard, Camden, Ind. (1964).*—Mr. Wickard, Secretary of Agriculture, 1940–45, and Rural Electrification Administrator, 1945–53, now lives on a family-owned 620-acre corn-hog farm. He joined the Department in 1933 after service in the Indiana State Senate. As REA Administrator, he received the USDA Distinguished Service Award.

He is a member of the Farm Bureau, Grange, and Farmers Union.

Mr. Wickard was born in 1893 in Carroll County, Ind., and was graduated from Purdue University with a B.S. in agriculture. He holds several honorary doctorates and is a trustee of Purdue University.

*Howard Copeland Williams, Columbus, Ohio (1966).*—Dr. Williams is associate professor of agricultural economics at Ohio State University.

After teaching at North Carolina A. & T. College, he joined Ohio State in 1954. Dr. Williams also has filled an assignment with the National Lutheran Council and the Ford Foundation in Indonesia.

A native of Quitman, Ga., he has a B.S. degree from Savannah State College and M.S. and Ph. D. degrees from Ohio State. He is a member of the American Farm Economics Association and the International Association of Agricultural Economists.





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